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FARM PROGRAMS FOR 1944 THE AGRICULTURAL • SITUATION •

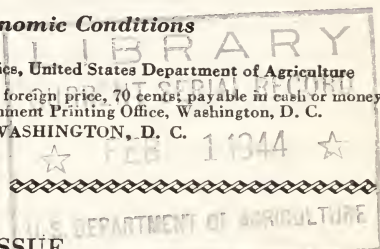
DECEMBER 1943

A Brief Summary of Economic Conditions

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DESPITE TRYING CONDITIONS American farmers set a new food production record in 1943. They beat the banner year 1942. They produced nearly a third more than they were doing when war broke out in Europe in 1939. This is a real achievement. * * * But the maws of war are cavernous and we must continue to meet its increasing demands. This is why the 380,000,000 acre goal for 1944, the largest on record, is five percent more than this year. * * * All agencies of War Food Administration and the Department of Agriculture are geared to the one job of helping farmers next year exceed the 1943 record. More farmers will be advised of better operating practices through local demonstrations and similar educational means. Practice payments will also encourage better management. Price supports will be continued, when authorized, to assure a fair return for farm products. Credit will be available to help expand production. Electric power will be brought to more farms to help speed many operations. Every effort will be expended to bring seasonal and full-time labor to farms where needed. New scientific discoveries will help farmers increase production in 1944.

Commodity Reviews

DAIRY PRODUCTS

PRELIMINARY estimates now place total milk production for 1943 at 118.2 billion pounds as compared to 119.2 billion pounds for 1942. The 8 billion pound output in November continued the downward trend relative to 1942 which began last August. Production this November was 2 percent below November a year ago so that, on the basis of normal seasonal variation, this rate of production would bring the year's output to only 114 billion pounds.

Production Decline Less

The seasonal rate of decline in November, however, was less than normal, a reflection of the feed payments farmers began to receive in November. By December the payment plan seemed to have checked further declines in production and may even result in some increase in December output.

Lower milk production is having an effect on manufactured dairy products. Since the week ending September 30, weekly creamery butter production and weekly American cheese production estimates have both tended to lower levels relative to the corresponding weeks of 1942.

The whole-milk equivalent of the principal manufactured dairy products in October was 3,436 million pounds, showing a seasonal decline of 15 percent from September. Within this total, however, butter, evaporated milk, and American cheese production declined more than seasonally. Other cheese varieties were produced in larger amounts in October than in September.

The acute shortages of butter which were felt in civilian markets up to early October were alleviated by the termination of the butter set-aside requirements, and by the raising of the ration value from 12 to 16 points.

Total creamery butter production in October was 107.6 million pounds,

as compared with 124.0 million pounds for the same month a year ago.

American cheese supplies for civilian use continued short during October. The set-aside requirement was lowered from 50 to 25 percent during November and December, but with the seasonal decline in production the quantities remaining for civilians will be only slightly greater than in recent months.

Output of other cheese varieties has been heavier this year than last. Swiss and brick cheeses particularly are making up for some of the shortage of American cheese. Diversion of milk to these other cheeses, however, reduces the quantity of other dairy products for civilian use after military and lend-lease requirements are met. Ration point values on these cheeses were raised from 5 and 6 points to 8 points for December.

American cheese production in October was 55 million pounds, down 4 percent from October 1942, while other cheese production of 18.6 million pounds was 28 percent higher than a year ago.

Production of evaporated milk in October was 188.9 million pounds, 7 percent lower than October 1942. Withdrawals by war agencies and civilians resulted in reductions both in manufacturers' and in Government stocks during the month. Holdings of evaporated milk by manufacturers on November 1 were 265 million pounds, and by the Government 272 million pounds, as compared with 98 and 833 million pounds, respectively, a year ago.

Total production of condensed milk products, both whole milk and skimmed, in September was below a year ago, but two items in the group, whole milk case goods and unsweetened skim, were higher.

LIVESTOCK

EXCEPT for milk cows—with a proposed 2 percent increase—1944

livestock goals call for some reduction in animals on farms from the high point reached at the end of 1943. More milk cows will be kept on farms; fewer meat animals will be carried into 1945. But because milk comes from live animals and meat from butchered animals, the net result of goals achievement should be more milk and more meat for the coming year.

Feed more than ever will be a controlling factor. But by digging deeper into carry-over supplies, there probably will be about as much feed per animal in 1944 as fed before the war, though not quite as much as was consumed in 1943. Much will depend on efficient distribution and feeding.

The recent tendency of price supports and ceilings—including WFA payments to offset high feed costs—has been to provide a larger share of the feed for dairy cows. This means feed for meat animals is costing more, particularly outside the Corn Belt.

More animals, particularly sheep and lambs, calves and hogs, have been going to slaughter this fall than usual. Net result: a greater than seasonal increase in meat production.

Slaughterhouses Taxed

Slaughterhouses have been taxed to capacity, particularly with hogs, during the fall months. Estimates indicate that inspected slaughter this season should average about 1.1 million head of hogs a week at 27 leading centers in order to take care of all the marketable hogs on farms. Actual slaughter at these centers ran a little ahead of this figure during each of two weeks checked in November, yet hogs accumulated in slaughter yards faster than processed.

To help in handling the slaughter and distribution of the 1943 record hog supply, WFA eased restrictions on slaughterhouse quotas and on home sale and slaughter. Farmers are now allowed to sell and deliver pork and lard without permit or license, providing ration points are collected from purchasers.

What disposition is being made of the seasonal increase of meat production? First, civilians are to get more through increased allocations and reductions in ration point values—December rations are up 30 percent. Second, the military and lend-lease are expected to get a considerable share. Third, some of the increase may be stock piled to help assure requirements during months of lighter output.

POULTRY AND EGGS

A RECORD QUANTITY of chicken has been available for civilian consumption this holiday season. Supplies of turkey, on the other hand, have been moderately smaller than a year earlier because the slaughter has been a little less than last fall and because increased quantities have gone to the military forces. For 1943 as a whole, the per capita consumption of chicken and turkey will total nearly 33 pounds compared with less than 26 pounds in 1942.

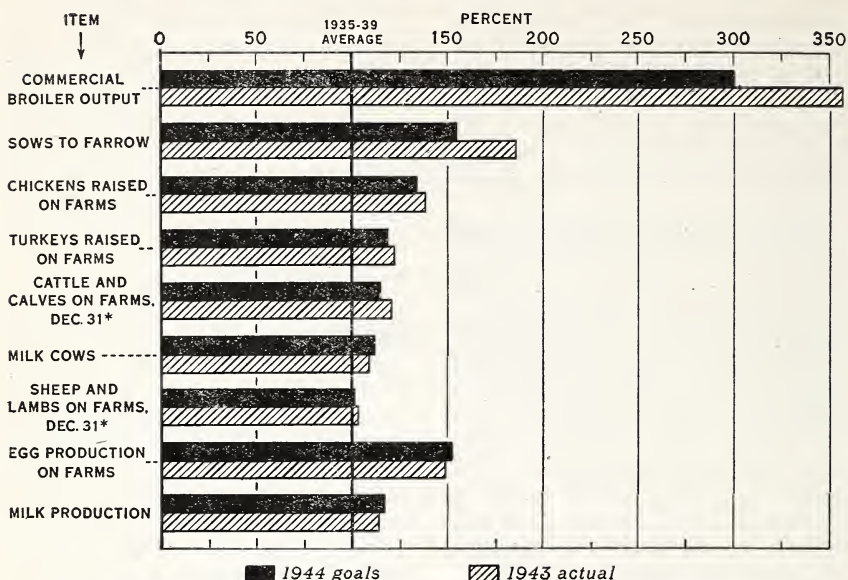
The expected 4,516 million dozen expected egg production for 1943 is 12 percent more than last year's record 4,018 million dozen output and 39 percent above the 1937-41 average.

Marketings of both chickens and turkeys this year were seasonally heavy in the last quarter. And even at the record high supply levels the unprecedented consumer demand for poultry at ceiling prices probably has not been fully satisfied.

Demand for baby chicks began to slacken somewhat in late October, apparently reflecting continued tight feed supplies, but is relatively strong for this season of the year.

The rate of production per layer during October was lower than a year earlier in the North Atlantic States and in the Western States but this was almost entirely offset by a higher average rate in the West North Central States. With more layers on farms, prospective supplies of eggs for civilians in the last 3 months of 1943 are slightly larger than a year

WARTIME INCREASES IN UNITED STATES LIVESTOCK NUMBERS
1944 GOALS AND 1943 ACTUAL AS PERCENTAGE OF 1935-39 AVERAGE



*SMALLER NUMBERS ON FARMS AT END OF NEXT YEAR REFLECT LARGER SLAUGHTER IN 1944 THAN IN 1943

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earlier and the largest on record for the period. The decline in consumption from the spring peak to the fall low was unusually small during 1943.

Ceiling prices for shell eggs have started to decline as actual prices usually do this time of year. But demand for top grade eggs has exceeded supplies at ceiling prices by an increasing margin in recent weeks, which reflect record purchasing power and apparent quality preference. Prices of lower grades have strengthened. Supplies of most eggs of such grades have been sufficient to meet demand at ceiling levels.

FRUIT

ORANGES, grapefruit, lemons, apples, and pears constitute the principal fresh fruits moving to market in substantial volume during the winter season. In addition, grapes move in moderate volume at this time.

The 1943-44 orange and tangerine

crop is expected to be 8 percent larger than the crop of the past season, but the grapefruit crop is expected to be 3 percent smaller. Production of oranges and tangerines this season, exclusive of California Valencia oranges, which will be harvested principally next summer, is estimated at 65 million boxes.

Production of grapefruit, exclusive of California harvest next summer, is estimated at 47 million boxes. Lemon output in California is estimated at 14 million boxes, or 4 percent smaller than last season.

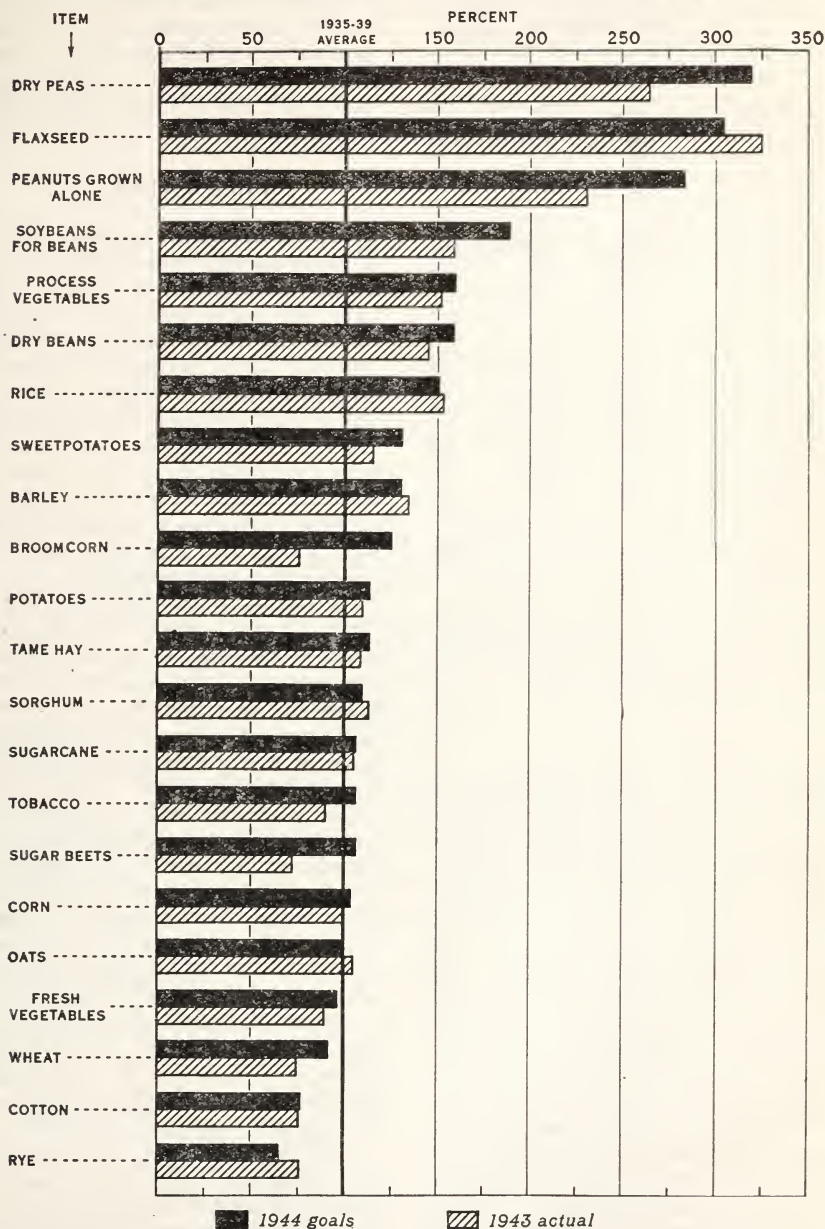
Commercial apple crop, estimated at 88 million bushels, is 31 percent smaller than the near-average crop last year. Fresh pears during the winter season will come mainly from non-Bartlett varieties produced in the three Pacific Coast States, where the production is estimated at 4 million boxes, 20 percent below a year ago.

The record large grape crop, estimated at 2,790,000 tons, is 16 percent larger than last year. Production of

the four major tree nuts—walnuts, almonds, filberts, and pecans—is 10 percent larger than a year ago.

Ceiling prices are now in effect for most of the principal fresh fruits and tree nuts moving to market. Recent

WARTIME INCREASES IN UNITED STATES CROP ACREAGE **1944 GOALS AND 1943 ACTUAL AS PERCENTAGE OF 1935-39 AVERAGE**



Index Numbers of Prices Received and Paid by Farmers

[1910-14=100]

Year and month	Prices received	Prices paid, interest, and taxes	Buying power of farm products ¹
1942			
January.....	149	145	103
February.....	145	147	99
March.....	146	150	97
April.....	150	150	100
May.....	152	151	101
June.....	151	151	100
July.....	154	152	101
August.....	163	152	107
September.....	163	153	107
October.....	169	154	110
November.....	169	155	109
December.....	178	156	114
1943			
January.....	182	157	116
February.....	178	159	112
March.....	182	160	114
April.....	185	162	114
May.....	187	163	115
June.....	190	164	116
July.....	188	165	114
August.....	193	165	117
September.....	193	165	117
October.....	192	166	116
November.....	192	167	115

¹ Ratio of prices received to prices paid, interest, and taxes.

apple prices have been at ceiling levels, but Florida orange prices, reflecting heavy marketings, are below.

FEED

PRESENT indications point to a total feed grain output this year of nearly 116 million tons, only 8 million tons under last year's record.

Although dry weather during October and early November aided the harvesting of late crops it was unfavorable for pasture growth. On November 1 pasture condition was 70 percent of normal, 13 points below the condition a year earlier but 5 points above the 1932-41 average for that date. Hay production for 1943 is 97 million tons, 8 million less than last year's near-record output, but 13 million tons more than the 10-year (1932-41) average.

For the year ended September 30, approximately 14 million tons of

wheat and rye were fed compared with 6 million tons in 1941-42 and an average of 4 million tons in the 5 years 1935-39. Disappearance of corn, oats, barley and grain sorghums for all purposes also was at a high level in the period October-September, 1942-43, totaling about 127 million tons compared with 109 million tons a year earlier and the 5-year average of 85 million tons.

VEGETABLES

FRESH MARKET supplies of truck crops during December and early January are expected to be somewhat larger this season than last. Lettuce, carrot, and celery supplies are now expected to be substantially above those of a year ago. Storage stocks of onions and cabbage, however, are smaller than a year ago. Such stocks must provide the bulk of onion marketings until about mid-April, most of the cabbage marketings in December, and part of the cabbage marketings in January and early February.

Estimates as of December 1 for "winter" and "spring" plantings or intended plantings of 15 commercial truck crops for fresh market shipment indicate a total of 462,420 acres, 17 percent above the corresponding acreage last year and 34 percent above the 10-year (1933-42) average.

The aggregate 1943 production of truck crops for processing is estimated to be about 10 percent smaller than last year but about one and a half times larger than the 10-year average. Largest decreases below last year are in tomatoes, green lima beans, cabbage for kraut, and cucumbers for pickles.

Civilian supplies per capita of processed vegetables for the 1943-44 season as a whole may be only about three-fourths to four-fifths as large as the quantity consumed in 1942-43.

A record large crop of white potatoes was harvested this year—approximately 469 million bushels, 26 percent larger than a year ago and 29 percent larger than the average for 1932-41.

The per capita civilian supply for this season is indicated to be about 16 percent larger than for the past season. Total supplies for the remainder of the season should be adequate for all purposes, despite heavy demands.

WHEAT

RECORD SUPPLIES of wheat in the United States for both the past marketing year and current year, beginning July 1, 1943, have made large quantities available for feed and industrial alcohol production. The war-stimulated increases in animal numbers to unprecedented heights has been made possible through the feeding of wheat in addition to very large quantities of corn and other feed grains. Alcohol produced from wheat is used in the production of synthetic rubber, smokeless powder, shatter-

proof glass and many other products essential to the war effort.

Because there has been only a moderate increase in the use of wheat for food, these two nonfood uses have been largely responsible for the reduction in the carry-over of wheat from a record of 632 million bushels in 1942 to 618 million bushels in 1943 and, on the basis of present estimates, to about 300 million bushels next July.

A 300 million-bushel carry-over would more than provide for operating stocks liberally placed at 150 million bushels, 75 million bushels as a reserve against small crop yields, and 50 million bushels as a reserve for relief to war-stricken countries. But next July's carry-over would be strikingly above the 40 million carry-over in 1918 and 83 million in 1937.

The wheat supply for the year beginning last July 1 is estimated as fol-

Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets, based on reports to the Bureau of Agricultural Economics. Average of reports covering the United States weighted according to relative importance of district and State]

	5-year average		November 1942	October 1943	November 1943	Parity price November 1943
	August 1909-July 1914	January 1935-December 1939				
Wheat (bushel).....dollars..	0.884	0.837	1.044	1.35	1.37	1.48
Corn (bushel).....do.....	.642	.691	.759	1.07	1.05	1.07
Oats (bushel).....do.....	.399	.340	.443	.744	.752	.666
Rice (bushel).....do.....	.813	.742	1.541	1.70	1.83	1.36
Cotton (pound).....cents..	12.4	10.29	19.22	20.28	19.40	20.71
Potatoes (bushel).....dollars..	.697	.717	1.084	1.28	1.33	1.20
Hay (ton).....do.....	11.87	8.87	9.84	13.70	14.50	19.80
Soybeans (bushel).....do.....	2.96	.954	1.58	1.80	1.80	² 1.60
Peanuts (pound).....cents..	4.8	3.55	5.94	7.05	7.12	8.02
Apples (bushel).....dollars..	.96	.90	1.21	2.08	2.24	1.60
Oranges, on tree, per box.....do.....	¹ 1.81	1.11	1.89	2.61	2.24	¹ 1.94
Hogs (hundredweight).....do.....	7.27	8.38	¹ 13.43	14.00	12.90	12.10
Beef cattle (hundredweight).....do.....	5.42	6.56	¹ 11.12	11.80	11.30	9.05
Veal calves (hundredweight).....do.....	6.75	7.80	¹ 12.82	13.20	12.70	11.30
Lambs (hundredweight).....do.....	5.88	7.79	¹ 12.04	12.20	11.90	9.82
Butterfat (pound) ¹cents..	26.3	29.1	¹ 47.9	50.7	50.9	¹ 46.6
Milk, wholesale (100 pound) ²dollars..	1.60	1.81	¹ 3.01	¹ 3.30	⁷ 3.37	⁶ 2.94
Chickens (pound).....cents..	11.4	14.9	19.6	24.6	24.3	19.0
Eggs (dozen).....do.....	21.5	21.7	38.9	45.2	47.1	⁶ 49.5
Wool (pound).....do.....	18.3	23.8	¹ 40.0	40.7	40.7	30.6
Tobacco:						
Flue-cured, type 11-14.....cents..	¹ 22.9	---	40.0	41.7	44.5	31.4
Maryland, type 32.....do.....	² 22.9	17.6	28.5	59.0	64.0	24.5

¹ Revised.

² Comparable base price, August 1909-July 1914.

³ Comparable price computed under Section 3 (b) Price Control Act.

⁴ Comparable base price, August 1919-July 1929.

⁵ Does not include dairy feed payments since October 1943.

⁶ Adjusted for seasonality.

⁷ Preliminary.

⁸ 5-season average, 1934-38.

⁹ Base price, crop years 1919-28.

lows (in million bushels): Carry-over of 618, crop 836, making a total supply of domestic wheat of 1,454. Disappearance is estimated as follows (also in million bushels): Food 535, feed 380, seed 80, industrial alcohol 110, and exports, including flour in terms of wheat, 50.

Imports of wheat by the Commodity Credit Corporation from July 1 to early November totaled about 40 million bushels, all of which is for feed, and this is in addition to domestic wheat being fed. The total amount of wheat to be imported this season is tentatively placed at 100 million bushels, the actual quantity may be more or less depending upon shipping arrangements.

The wheat estimated for feed in 1943-44 consists of 120 million bushels on farms where grown, 350 million sold by the Commodity Credit Corporation, of which 250 million is domestic and 100 imported, and 10 million purchased in the open market. Open

market purchases for feeding will depend to a large extent on the availability of imported grain for feeding.

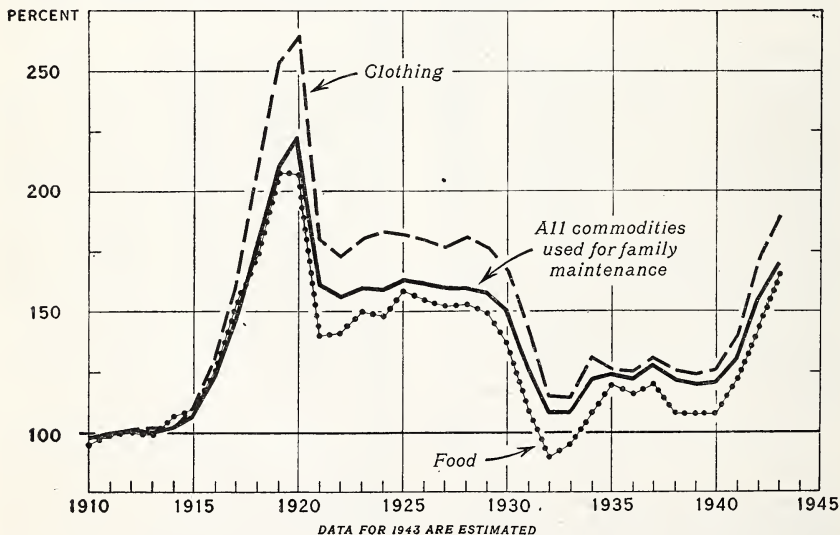
Wheat prices have advanced since early October to the highest levels in 15 years, reflecting continued distillery demand in addition to that of millers, continuation of dry conditions in the area extending from southwestern Nebraska to western Texas, and the authorization of a flour subsidy.

On November 19 the Stabilization Director announced a flour subsidy to enable wheat flour millers to pay as high as parity prices for wheat and at the same time to sell flour for no more than ceiling prices now in effect. With the recent advance in wheat prices, flour millers have had to pay considerably more than the wheat price equivalent of the flour ceilings.

On November 6 price ceilings were placed on soft wheat and it is anticipated that as the price of other wheats reach parity further ceilings will be announced.

PRICES PAID BY FARMERS FOR FOOD, CLOTHING, AND FAMILY MAINTENANCE, UNITED STATES, 1910-43

INDEX NUMBERS (1910-14=100)



ACHIEVING 1944 FARM PRODUCTION

ALTHOUGH 1943 seemed to offer the maximum challenge to the genius of American agriculture, the goals for 1944 are still higher.

These goals, established after consultation with farm groups in every state, carefully took into account the factors of farm labor, farm machinery and supplies, farm prices, feed and livestock balance, and available acreage, as well as the know-how of the farmer himself.

But the farmer cannot do the job alone. Nor can food be produced by directives. Obstacles must be removed and help furnished.

The War Food Administration will continue to assist in meeting the farm labor problem. It will continue to insist on adequate allotments of steel and other critical material for the production of machinery and repair parts. It will continue its efforts to provide support prices that will last through the production, harvesting and marketing season. These should be sufficient to cover not only normal costs but also the added risks and hazards that are linked with increased production. A way should be found to secure these prices without breaking the stabilization line.

Given an even break in the weather, in spite of the many wartime difficulties that exist, the high 1944 goals will be reached.

MARVIN JONES

War Food Administrator

Administering 1944 Programs Locally

UNPRECEDENTED demands of war promise to make 1944 the busiest and most critical year that the 100,000 State, county, and community committeemen who form the backbone of the Agricultural Adjustment Agency have ever known. With the need so great that more food must be produced then in any of the last seven record-breaking years, American farmers must operate their farms more effectively than ever before. To this end the AAA program will be a conservation program designed to increase and maintain production in 1944 and 1945 so that war needs will be met.

The AAA committeemen will administer this program in the field. They will perform a multitude of special tasks assigned by the War Food Administrator. Many of them will

give much time and energy to the work of the State and county USDA War Boards.

In administering the AAA program itself, the committeemen's main job will be to help their fellow-farmers carry out production-increasing practices. Representative of these practices are application of lime and phosphate, contour farming, harvesting of winter legume and grass seeds, use of protected summer fallow in areas of limited rainfall, range and pasture improvement measures, and use of winter cover crops, especially legumes. All of these practices produce immediate results. Indeed, no practice was included in the 1944 National list until it had passed these two tests: (1) Will it increase food production in 1944 and 1945, and (2)

Can it be administered with a minimum of red tape?

Approved practices, and also the rate of payment for each, will vary widely from State to State according to topography, soil, climate, State conservation needs, and the extent each practice contributes to wartime production under State conditions. State and Federal agencies will cooperate in selecting from the National list those practices which will be approved in each State, and the rates of payment which will apply.

County committeemen will select from their State lists those practices which require special emphasis in their respective counties. In some cases assistance will take the form of payments made directly to cooperating farmers; in others it will take the form of materials.

In areas producing flue-cured or Burley tobacco, committeemen will administer the allotment and quota program as in former years.

Besides strictly AAA work, State and county committeemen will be called upon during 1944 to perform a number of special duties assigned to the AAA by the War Food Administrator. These duties include:

- Production goal work, including livestock, poultry, and dairy goals. This is a continuation, with wartime emphasis, of the assistance AAA committeemen gave farmers in planning their farm production in former years. They will help farmers determine their farm goals and plan their 1944 operations with a view to contributing as much as possible toward

meeting war food needs. Committee-men will be responsible for endeavoring to step up production in areas where the threat arises that goals will not be met.

- Facilitation of transportation and distribution of feedstuffs.

- Certification of canners for vegetable crops, under direction of CCC.

- Administration in the field of rationing and allocation of farm machinery and equipment (including copper wire), building supplies, fertilizers, and other agricultural materials and facilities, under direction of the Office of Materials and Facilities.

- Issuance of farm slaughter permits, under direction of the Food Distribution Administration.

- Administration in the field of the farm transportation program, including issuance of certificates for tires, off-highway gasoline, and tractor fuels, under direction of OMF.

- Certification of applications for frozen food locker plants, under direction of OMF.

- Administration of the alcohol order, under direction of OMF.

Each State and county AAA chairman, or, in the South, each State AAA executive officer, is, ex officio, chairman of his State or county War Board. War Board membership includes representatives of all USDA and WFA agencies having offices in a State or county. As now constituted, War Board functions are mainly consultative.

N. E. DODD, *Chief*
Agricultural Adjustment Agency

Price Supports to Boost Production

THE COMMODITY Credit Corporation is now financing loans, purchases, and sales of agricultural commodities at the rate of 3.5 billion dollars a year. Loans are being made at 85 to 90 percent of parity on basic and proclamation crops, and purchases at levels designed to

reflect to farmers the price supports stipulated by the War Food Administration in connection with the 1943 farm production program. This program called for larger agricultural production than in 1942.

Goals for 1944 have been raised still higher but price support com-

mitments have not as yet been announced pending the decision of Congress with regard to payments by the Government for the purpose of "holding the line" on the cost of living. Farmers have indicated meanwhile that in setting the goals for 1944 they would need adequate machinery, fertilizer, and labor and that it would be necessary to have a continuation of the present price supports, and in some cases increased price supports.

Prior to our entering World War II, the Corporation was engaged principally in lending money to farmers on commodities produced in excess of current physical needs. From 1933 through 1941 these loans totaled approximately 2 billion dollars. Under war conditions during the last two years, loans have totaled nearly as much as during the preceding nine years. In addition, the Corporation has financed the purchase and sale of approximately 3 billion dollars of agricultural commodities for Lend-Lease account, and the purchase and sale of commodities valued at approximately 1 billion dollars in conjunction with the programs designed to stimulate wartime production of food, feed, and fibers.

Loans Increasing

During the past fiscal year the Corporation lent farmers 806 million dollars as compared with 626 million dollars in 1942, and with 452 million dollars in 1941. Total loans were larger than in 1942 principally because of the larger quantities of wheat and cotton put under loan and because of an increase in loan rates. Loans on corn were smaller than in 1942 since market prices were higher than loan values. Other commodities on which CCC made loans during the last fiscal year include barley, fiber flax, flaxseed, grain sorghums, linseed oil, olive oil, rosin, soybeans, and turpentine. Loans outstanding on September 30, 1943, totaled 445 million dollars as compared with 475 million dollars a year

earlier. The total for September 30 this year includes loans to that date on 1943 crops of barley, cotton, flaxseed, rye, and wheat. Loans on 1943 crop corn began on December 1.

Present CCC programs include assistance to farmers in meeting increased costs of production by means of payments to processors or dealers to enable them to increase prices to producers, payments to farmers direct to help offset increased production costs, and the sale of feed and fodder purchased or made available from accumulated granary stocks. This category includes payments through processors to stimulate the production of American Cheddar cheese, payments through dealers to maintain milk production in metropolitan areas, payments to dairy farmers direct to offset increased feed costs, and the sale of feed wheat and hay below costs.

CCC Stocks Reduced

The Corporation sold from its accumulated granary stocks approximately 450 million bushels of feed wheat below cost during the last 2 years, and it facilitated by means of area adjustment payments the movement of 32 million bushels of corn from surplus to deficit Eastern and Southern producing regions. Related activities include the purchase of 44.4 million bushels of feed wheat from Canada, 56,000 tons of feed wheat and 17,920 tons of barley from Argentina, 70,072 tons of cottonseed meal from Brazil, 2,453 tons of livermeal from Australia and New Zealand, and 11,466 tons of whale guano from Chile.

The Corporation has bought more than 200 million pounds of the 1943 domestic production of wool for sale at ceiling prices. It has bought 250 million pounds of 1943 crop tobacco for Lend-Lease account and sale to British civilians in conjunction with a program to maintain the foreign market for United States tobacco. It is paying part of the excess ocean war risk and freight costs on Caribbean sugar for the purpose of maintaining

present price ceilings on this commodity. Large quantities of foreign fats and oils have been purchased to supplement domestic production.

All foreign purchasing activities except the buying of Caribbean sugar and Canadian feed grains are being transferred to the Foreign Economic Administration, but arrangements are being made for the handling of foreign agricultural commodities by the CCC after they have been landed in the United States.

The largest wartime operations of the Corporation on individual domestic commodities are in connection with the purchase and sale of soybeans through processors, and of peanuts through cooperative peanut growers associations. The 1943 crop of peanuts (excepting the quantity needed as seed for planting in 1944) is being bought by the Corporation at \$130 to \$140 a ton. Part of the crop is being

sold to crushers at an average of \$90 a ton, and part to shellers at \$175 a ton. The prices received by farmers average higher than in 1942.

On September 30, 1943, the Corporation owned commodities having a book value of 890 million dollars as contrasted with 720 million dollars on the same date last year. These figures do not include accounts for Lend-Lease. The commodities owned by the Corporation on September 30, this year, included 162 million bushels of wheat, 233 million pounds of tobacco, 2.7 million bales of cotton, and smaller quantities of barley, rye and other commodities. A year earlier CCC owned 309 million bushels of wheat, 297 million pounds of tobacco, 3.5 million bales of cotton, and lesser quantities of other commodities.

J. B. HUTSON, *President*
Commodity Credit Corporation

Bringing 1944 Programs to Farmers

TO INCREASE 1944 agricultural production over the 1943 record achievement presents a serious challenge not only to every farmer and rancher but to every agency of government. This will mean the meeting of many new problems, frequently under changing conditions. And this is the job of the cooperative Extension Service—to apply the experiences and facilities of Federal, State and county supervisory and technical people to solve these new problems of production, management, marketing and rural home life. Of the many jobs 1944 has in prospect for the Extension Service, five are of major importance.

Increasing Efficiency

Producing the greater volume called for in the 1944 goals will require the utmost efficiency in production, marketing and distribution of agricultural commodities. The bulk of the increases in crop and livestock pro-

duction must come through more efficient operating practices on land now being farmed rather than through additional acreages not previously cropped.

For example, shortages of certain items may require the adoption of alternatives with which a farmer may have little or no experience. Or, a farmer may be producing a crop for the first time in this effort to meet acreage goals. In both cases the farmers will want to follow the best practices. It is in this field that the county agent or extension specialist can bring to bear the latest operating experiences or the results of national and State experimental work.

This means that county agents, home demonstration agents and other extension workers will have to make wider use of printed materials, meetings, demonstrations, tours and personal contact in order to reach more farm families. In addition, more

farmers will have to be trained to assist other operators in their neighborhoods.

Conserving Essential Equipment

Even with all the 1944 farm machinery made available, farmers will have still to conserve what they have, especially tractors, trucks, motors, combines and similar complex machinery. The care and repair of farm machinery will be encouraged by Extension workers through the cooperation of vocational agriculture departments, machinery dealers, and will be promoted through the establishment of training schools and community repair shops where possible. To replace the constantly decreasing number of experienced farm machine operators Extension workers will aid in the training of skilled workers to handle the equipment to yield the greatest service.

Neighborhood machinery exchanges, the building of home-made equipment, short cuts in production and marketing operations, and aiding farmers and ranchers reroute truck lines and pool farm trucking facilities are other conservation methods Extension will continue to emphasize in 1944.

Utilizing Farm Labor

The 1944 goals will require the fullest possible use of the present farm labor supply together with an additional 50 to 75 thousand full time workers and a third to a half million seasonal workers.

Extension workers will continue in every way possible to cooperate with WFA's Office of Labor in assisting farmers meet the critical 1944 farm labor supply problem. This will be done through such methods as encouraging the sharing of labor, training farmers in the most efficient use of labor, making wider use of labor saving devices, recruiting labor locally, assisting in both interstate and intrastate movement of labor, and holding training centers for full-time workers as well as for inexperienced women and youth for seasonal work.

Up to November 1 of this year county agents, in cooperation with county farm labor committees composed of farmers, had placed 3½ million seasonal workers and nearly 150 thousand full-time workers. Such efforts will continue in 1944.

Stimulating Victory Gardens

A total of 20 million Victory Gardens producing 8 million tons of food from 4 million acres briefly tells something of this year's home-produced food program.

Next year's goal is 22 million gardens. Emphasis on larger gardens and cropping late into the fall during the coming year should bring a considerable increase over the huge supply of home-produced food in 1943. In a very real sense this program will conserve a great deal of the Nation's transportation, processing, and marketing facilities by reducing the amount of food purchased.

As in the past, much of the guidance in the 1944 Victory Garden program will come from Extension workers. To county agents and home demonstration agents this will mean hundreds of thousands of office calls and other contacts with urban and rural people.

Home demonstration agents will play a chief role in helping many more housewives use the best methods for preserving the foods from their own gardens.

Encouraging Rural Youth

The 4-H Club program, with 1,700,000 farm boys and girls now working on various projects, will take on added significance in 1944 because farm youth is playing an increasingly important role in the war food picture. Many more farm boys and girls are taking the place of older members of the family or hired workers who have gone to the battlefronts or war industries.

One of the chief responsibilities of 4-H Club members will be in training and supervising other young people, generally inexperienced, who come as Victory Farm Volunteers to help with various farm operations. And mem-

bers will continue to produce food, fight rural fires, collect scrap, promote farm safety, sell bonds, encourage health improvement, and do many other war jobs.

These future citizens of America deserve the best. We must give them the best training available.

M. L. WILSON, *Director
Federal Extension Service*

Increased Output Through Credit Aids

CREDIT INSTITUTIONS under supervision of Farm Credit Administration provide financing for only a portion of the total number of farmers. The existence of these institutions, however, is further assurance that farmers will have access to adequate credit at reasonable cost. Such assurance is particularly important at a time when agriculture is geared to fulfill wartime needs.

The actual amount of short-time credit used by farmers has been increasing during the war period. Of the total of \$587,869,000 of short-term credit advanced by Farm Credit institutions during the year ending October 31, 1943, \$497,489,832 came from 525 Production Credit Associations. This was 4.6 percent more money than was borrowed from these local cooperatives in the previous 12-month period and 55.9 percent more than in the year 1939.

Loans Repaid Rapidly

Farmers are paying off their loans more rapidly during the present war period and some farmers are accumulating enough money to finance themselves. On the other hand, these factors are offset by the increased need for credit to finance shifts in types of production and increases in operating costs. This tendency will probably continue during 1944.

Other sources of short-term credit in 1943 were Emergency Crop and Feed loans as well as loans and advances from the Regional Agricultural Credit Corporation of Washington, D. C. A total of 115,483 farmers used \$18,671,372 of credit from the Emergency Crop and Feed Loan Offices in the year ending October 31, 1943.

The Regional Agricultural Credit Corporation advanced \$64,000,000 to finance the production of especially needed war crops in this period. The program was outstandingly successful in increasing the production of such crops as flax and soybeans. This source of credit will be held as a standby in 1944 to be used for specified crops in areas named by the Secretary of Agriculture as provided in Section 2 of the 1943 Agricultural Appropriations Act.

The Banks for Cooperatives extended credit totaling \$347,332,520 in the period ending October 31, 1943. This represents an increase of 50.5 percent over the previous 12-month period and 416.7 percent over 1939. Most of this credit extended by the Banks for Cooperatives is used by cooperative associations to finance the handling of war essential services in the purchase of supplies, and processing and marketing of farm products. The expanded volume, higher costs and shifts in products handled because of war needs have all been contributing causes of the increased use of credit by cooperatives. The Cooperative Research and Service Division will continue to help cooperatives provide maximum service in carrying out wartime agricultural programs.

The Federal Intermediate Credit Banks continue to obtain at reasonable costs increasingly large amounts of funds from private investors to supply the loan funds needed by PCAs and Banks for Cooperatives.

In the field of long-term credit, the Federal Land Banks and the Federal Farm Mortgage Corporation find that during the war period a larger proportion of their loans are being used to finance the purchase of farms than in

peacetime years. This would indicate that the credit supplied by these institutions is a definite aid to keeping farms in the hands of people actually using the farms to produce needed wartime goods.

The Farm Credit Administration is keenly aware of its responsibility of pointing out to farmers how they can guard against the ill effects of in-

flation and a land boom. In 1944 it will continue to urge farmers to avoid speculation, to reduce debts to reasonable levels, and to build up reserves both through the purchase of War Bonds and through future payment funds with the land banks.

A. G. BLACK, *Governor
Farm Credit Administration*

Electric Power to Speed Production

TWO TASKS face the Rural Electrification Administration as its primary part in enabling American farmers to produce the quantities of food and fiber required of them in what will doubtless be both the most strenuous and the most critical year of their history. One of the tasks is to get electricity to as many as possible of those farms now without it to be used to increase production. The other is to see that the 40 percent of American farms which already have electric service make maximum productive use of it.

Working Electricity

The fact that electricity fully applied may make a very large contribution to food production is attested from all sorts of farm sources. I like to think of this full use in the words of an Iowa woman who, describing recent production of the farm which she and her husband operate, told how they had stepped up the use of a great many of their mechanical aids. "Then we stopped to look around," she said, "and found everything was working to full capacity except our electricity. So we put overalls on that."

Kilowatts in overalls! This is the way two million American farm families are coming to look at their electric service. They find it speeds operations, saves time, and to some extent replaces sons gone to war, daughters and hired men gone into other important war work.

The first of the two tasks is the simpler because its scope is strictly limited. Copper, steel, construction trucks, labor for wiring crews—all are urgently needed on other sectors of the battlefield, and the quantities which may be used to extend electric lines to unserved farms are very carefully parceled out by the War Production Board. Nearly a year ago, the War Production Board recognized the fact that the relatively small quantities of these critical materials required could be diverted to farm service extensions with prospects of immediate substantial dividends to the nation in the form of additional food production. In January, WPB delegated to County USDA War Boards authority to approve connections of farms to existing power lines under certain conditions of production potential. Requirements have since been made less stringent. More recently, authority to approve has been transferred to AAA field representatives acting under direction of the Office of Materials and Facilities.

80,000 More Farms

REA-financed rural electrification cooperatives have indicated that, even if the regulations are not further liberalized, REA may count on connecting 80,000 additional farms in 1944, about the same number connected in 1943.

To the second of the enumerated tasks, no limit has yet been found. With all the myriad ways, long known,

in which electricity may be harnessed to food production, newer and even more effective ones are constantly being found. At a time when it is difficult if not impossible to get new appliances and electrically operated equipment, these new uses are achieved mainly with home-devised, home-built appliances and equipment.

Scores of these devices are coming into wider and wider use. The most spectacular among them—in results, not in design—is the electric pig brooder. By its use a farmer may, other conditions being equal, produce

the same number of pigs with from 10 to 30 percent fewer sows to carry over and feed.

To search out all of the ingenious ways in which individual farmers are making electricity work harder and more efficiently, then to take this knowledge to all the others who are in position to use it, and to put them in the way of using it to increase the nation's food supply—that is the unlimited part of REA's work in the food production campaign of 1944.

HARRY SLATTERY, *Administrator*
Rural Electrification Administration

Greater Output from Small Farms

STUDIES made by Farm Security Administration and Bureau of Agricultural Economics have shown that there are between 500,000 and 750,000 low-income farm families who could make substantial increases in food production with FSA assistance. This fiscal year, as in 1942 and 1943, it will be the aim of Farm Security to assist as many as possible of these families, provided they are eligible under its lending policies, with the help they need to expand their output of war foods.

Thus far Congress has made available this year a total of \$60,000,000 for rural rehabilitation loans and \$30,000,000 for tenant purchases loans. This will enable FSA to make about 15,000 original and 175,000 supplemental operating loans as well as 5,000 tenant purchase loans. A supplemental request, pending in Congress as of December 15, will provide an additional \$44,000,000 for loans and administrative purposes—it will make possible 50,000 more new loans.

Borrowers Double Production

In 1942, the 463,941 actively supervised rural rehabilitation and tenant purchase borrowers made increases ranging from 20 to 101 percent over their 1941 production of nine war-essential products. Prospects are

that the average actively supervised borrower on the program in 1944 will make further substantial increases. It is estimated that the 65,000 new borrowers will increase 1944 food production over 1943 as follows: milk, 158,750,000 pounds; pork, 27,875,000 pounds; beef, 18,500,000 pounds; eggs, 9,125,000 dozen; chickens, 4,750,000 pounds; soybeans, 562,500 bushels; peanuts, 21,250,000 pounds; dry beans; 6,000,000 pounds.

Loans Supervised

Rural rehabilitation loans are made to small farmers who cannot get from any other source credit on reasonable terms to expand production. The loans usually run for 5 years at 5 percent interest and are accompanied by practical guidance from FSA county supervisors in efficient farm and home management. Tenant purchase loans are made each year, under provisions of the Bankhead-Jones Farm Tenant Act, to a limited number of worthy eligible farm tenants, sharecroppers, and farm laborers to buy farms of their own. These loans may run for 40 years at 3 percent interest and also are accompanied by guidance in up-to-date farming methods.

This fiscal year FSA is vigorously continuing its policy of encouraging all borrowers to use their higher in-

comes to step up loan repayments and liquidate their debts. In 1942-43, repayments on rehabilitation loans jumped to \$114,765,976, about 40 percent more than principal repayments of \$81,403,546 in 1941-42, the previous record year. Repayments on tenant purchase loans are also expected to be heavy.

In 1944, the Farm Security Administration will continue other services essential to efficient operations on small farms. Loans will be made to farmers for the joint purchase and use of machinery, purebred sires and other farm and home equipment

As in the past, mutually beneficial tenure arrangements between tenant farmers and their landlords will be encouraged, including written leases providing for the production of needed food and fiber crops. If a plan for equitable payment of old debts is necessary to continued operation of a farm, the farmer and his creditors will be helped to reach a voluntary agreement of adjustment.

Because the good health of the rural population is necessary to the success of the war food production program

FSA will continue to assist its borrowers to organize group medical care plans so that they can get needed doctor and hospital care.

This fiscal year a total of \$1,000,000 has been appropriated for loans and technical services for the development of farm and home water supplies in dry-land areas of 17 Western States.

To increase the efficiency of FSA operations at the county level, single Farm Security committees of three members have been organized to take the place of three separate committees and a county advisory council. We intend that new blood shall periodically be brought into these communities under our procedure providing for naming one new member each year. These committees will determine the eligibility of all applicants for loans and generally assist in all phases of the FSA program. One of their most important activities will be to help integrate the FSA food production efforts among low-income farmers more completely into the county and community war food production programs.

FRANK W. HANCOCK, *Administrator*
Farm Security Administration

1943 Research Available for 1944

ALARGE volume of research bearing on war problems is conducted by the seven bureaus of the Agricultural Research Administration. Here are just a few of the results reported during the past year which are likely to affect next year's agricultural production and other war activities.

Better Crop Yields

Seed of the new wilt-resistant alfalfa, Ranger, is being increased, and a new wilt-resistant variety, Buffalo, has been introduced. * * * Crop rotations have been determined that promise to prevent severe losses of staple crops caused by white-fringed beetles. * * * Successful commercial-scale tests have been completed which show that a derris spray can

be used to control European corn borer in early sweet corn, with an excellent return to the grower. * * * Soil surveys have been used successfully to guide the expansion of war crops to soils of suitable types, thereby helping to assure production. * * * A new method of spraying is being developed to remove excessive blossoms on apple trees and save the labor of thinning the apples by hand.

New Feed Sources

Methods have been developed for successfully utilizing increased amounts of home-grown legume hays as partial substitutes for grain concentrates and protein feeds in swine rations. * * * Detailed formulas

for wartime feed mixtures for poultry will help producers to maintain maximum production by the use of available feed stuffs as substitutes for those that are scarce. * * * Silage, proved by feeding tests to be equal to good corn silage, has been made by combining molasses with sweetpotato vines. * * * In Hawaii, a method has been developed for preparing a valuable dehydrated livestock feed from kitchen waste in considerable quantity. * * * Experiments have shown that early-cut cereal hays can be used as high protein feeds.

Greater Milk Output

Standards have been determined for gaging the potential producing capacity of cows by measuring the mammary gland development of calves at 3 to 5 months of age. * * * It has been demonstrated that if cows are fed all the legume hay and silage they will eat, they can obtain the additional nutrients required from a single grain as well as from a mixture of several grains and byproducts—the present practice. * * * Experiments have shown that dairy calves can be reared without the use of any marketable whole milk, thus conserving butterfat for human use, and that all milk and milk products can be removed from the diet of calves at 90 days of age with little effect on subsequent growth.

Animal Disease Controls

A new method of giving phenothiazine to sheep in their salt will make it easier to control nodular worms and other injurious internal parasites. * * * It has been found that cecal worms—poultry parasites that transmit blackhead—can be controlled by giving flocks phenothiazine in their mash. * * * It has been found possible to reduce by over 50 percent the rotenone content of dusts used in treating cattle for grubs.

Improving Foods

A process has been developed for isolating riboflavin (vitamin B₂) from

whey in a concentrated and readily usable form. * * * It has been proved that soya, peanut, and cottonseed flours improve the biological value of wheat flour, oatmeal, and cornmeal, and recipes have been developed for adding soya flour to familiar dishes. * * * Much information has been published showing families how to choose food in relation to nutritive value, cost and availability in war-time.

Better Pharmaceuticals

Methods have been developed for increasing the yield of penicillin more than a hundredfold as well as fermentation processes, assay methods, and means for isolating and purifying this powerful new drug. * * * Some 131,000 high-grade seedlings of cinchona, the source of quinine, have been grown in this country and distributed in seven American republics, and 200,000 more are awaiting placement.

Technological Discoveries

A sulfite process, already in commercial use, has been developed for separating the proteins and enzymes from the starch of wheat and using the enzymes for converting the starch to sugar for fermentation into alcohol. * * * Millions of pounds of wet-picked chicken and turkey feathers from poultry-dressing plants can be preserved by a new method and converted into a fluffy down for pillows, mattresses, and other uses. * * * The development of vault and individual-bag fumigation of soldiers' clothing and equipment for protection against lice has been completed, and dosages have been determined for a wide range of temperatures. * * * A new combine that pulls, deseed, and binds fiber flax in one operation promises to reduce the labor required in harvesting and processing. * * * A cheap practical procedure has been worked out for preventing the serious damage caused by insects to large quantities of wheat stored in farm-type bins.

E. C. AUCHTER

Agricultural Research Administrator

Distributing Food in 1944

FOOD PRODUCTION and food distribution must complement each other if the war food program is to be effective. The distribution process starts first with planning—the decision as to who is to get what and how much. This is called “allocation,” a type of work to which all other distribution programs are geared.

Tentative allocations to major claimant groups have been made for the 12-month period ending September 30, 1944. Those allocations indicate that, during the period, about 14 percent of our estimated food supply will go to meet American military requirements. Food shipments to the British, Russian, and other United Nations will total 11 percent. That will leave about 75 percent of the estimated supply for civilians—about the same as the civilian share this year.

The share of some of the more important foods shows considerable variation, however, depending upon the supply situation. This is indicated in the following table.

Allocation of Important Foodstuffs,
October 1, 1943 to October 1, 1944

Commodity	Military	Lend-lease ¹	U. S. civilians	Other ²
	Pct.	Pct.	Pct.	Pct.
Beef.....	24	1	73	2
Pork.....	11	20	66	3
Fish, Canned ³	14	23	47	16
Fish, fresh & frozen.....	15	0	85	0
Butter.....	16	3	80	1
Cheese.....	16	23	56	5
Milk, evaporated.....	41	13	43	3
Eggs, fresh.....	12	0	88	0
Eggs, dried.....	25	68	0	7
Canned fruits & juices ⁴	40	(⁵)	53	7
Citrus, fresh & canned ³	15	5	74	6
Canned vegetables ³	21	3	70	6
Fats & oils ⁶	6	22	66	6
Sugar ³	13	5	78	4

¹ Including liberated areas.

² Includes quantities in contingency reserves as well and other exports and shipments—mainly to U. S. territories and friendly nations.

³ Fiscal year allocation.

⁴ Excludes citrus.

⁵ Less than 1 percent.

⁶ Excludes butter.

Although food supplies are adjusted to avoid disruption of the normal flow

of food to consumers, the continued need for building up reserves of food for direct war requirements must be recognized. Butter, for example, must be accumulated by the Government during months of heavy production. During light production, the Government stops its butter buying. This tends to bring about an even flow of butter to civilians the year round.

Releasing Government Stocks

In some cases, stocks of Government-owned food are no longer needed for direct war use. The policy has been and will continue to be one of making such stocks available to civilians through regular commercial channels of trade.

When demand for certain foods is greatly in excess of supply, such foods will be rationed. But even under rationing, civilians will be better nourished than before the war.

Under the allocation procedure, civilians will get at least as much food—in total—as in pre-war years. With a larger segment of the population working, which makes it possible for more people to buy food in adequate quantities, together with rationing, which provides a fair share of the total supply to individual consumers, food will probably be more evenly distributed than ever before.

Then too, civilians are becoming more aware of nutritional values. They realize today that it is not only *how much* food that counts but *what kind*. FDA, through State, local, and country nutrition committees placed great emphasis on nutrition and food conservation in 1943—and they will be emphasized more in 1944.

Congress has authorized the use of \$50,000,000 by FDA for the Community School Lunch Program this year to assure an improved nutritional status for tens of thousands of school-age youngsters. A much more extensive nutrition-in-industry program has been planned for 1944, now

that most of the ground work has been laid.

Food orders will continue as the mechanism for handling specific distribution problems. Containing set-aside, restriction, conservation, or limitation provisions separately or in combination, food orders enabled the Government to meet direct war requirements for food as well as to facilitate the flow of foodstuffs to civilians.

Direct food industry assistance will be continued in 1944 on the theory that food processing and distribution are important extensions of the production job begun on the farm. In 1943 it was aided in several ways such as: help in financing the construction of new dehydration plants in areas where they were badly needed and could be operated efficiently; in clearing applications for priorities; in locating used equipment; and in clarifying manpower regulations.

Relieving Seasonal Gluts

Victory Food Selection programs will continue to be part of the machinery for handling seasonal abundances. This was demonstrated this past fall when consumers were urged to buy Irish potatoes during the harvest season. It is believed that this concerted effort saved millions of bushels of potatoes that would have frozen in northern producing sections because of a shortage of storage space.

Certain types of marketing service work will be continued on a broadened scale in 1944. Inspection, grading, and classification of farm products, for example, have shown a tremendous increase since Pearl Harbor. This trend will continue in line with the demand for foods that will ship well, store well, and taste well.

A great deal of work has been done and will be done to assure producers, distributors, and processors, that their packaging requirements will be met. During 1943, FDA stimulated considerable research in the development of containers of non-critical materials

for the packaging of fruits and vegetables in their various processed forms; better utilization of existing packages by increasing the quantity of food that can be packed in them.

An educational program was initiated and carried through in 1943 on the salvage and re-use of fruit and vegetable containers as a means of meeting industry requirements. As a result of new freight rates permitted on shipments of used fruit and vegetable containers from the North to the Southeastern States, southeastern fruit and vegetable growers are benefiting from reduced rates. Similar arrangements are under consideration for relieving the container situation on the Pacific Coast and in the Southwest.

Dehydration Increased

Processing of dehydrated foods will continue at record levels. At the present time, the combined capacity of American egg drying plants is 425,000,000 pounds and of vegetable dehydration plants, 200,000,000 pounds. Production of dehydrated pork has increased greatly, and a definite effort will be made to increase production of dried skim milk by placing emphasis on production in the Middle West, where there are large supplies of skim milk.

All efforts in the field of food distribution must be geared to the assumption that this will be a long war. But we must not and will not overlook the need for planning now for the peace. There will be problems as to post-war use of food processing plants, capacity of which has been greatly expanded to meet war needs; of handling stocks built up for war emergencies; and, more important, of planning for adequately feeding all our people here at home. It seems likely, that through the experience we are gaining now, we can do a much better peacetime job of food distribution in the future than we have in the past.

ROY F. HENDRICKSON, *Director*
Food Distribution Administration

Wood to Move Our Food

AN AMPLE supply of food, indispensable to armies and to victory as well as to the peoples of the war-torn countries, must fail of its purpose without an adequate supply of satisfactory material for its safe packaging and transport.

The 1944 Forest Service projects are geared primarily to those activities which contribute to food production or distribution. Since Pearl Harbor, the peacetime activities of the Forest Service have been shelved, as far as public responsibilities permit, in favor of a variety of jobs helping in the prosecution of the war. There are three chief ones which have an integral place in the national food program.

Best estimates place lumber production in 1943 at about 33 billion board feet with consumption requirements around 36 billion. Demand for wood for army buildings has dropped, but that for packaging of food, war, lend-lease and other supplies has jumped from around 9 billion to 14 or 15 billion board feet. Next year, to pack food and agricultural products alone, it is estimated that 1½ billion board feet of lumber and 3¼ billion square feet of veneer will be required; future contingencies may raise this huge amount.

Record Low Lumber Stocks

Against this tremendous demand, mill and yard stocks of lumber are down to a record low of about 7 billion feet, and mostly broken grades and sizes at that. Farmers who sought material for brooder houses and other productive farm buildings this year, before special priorities on 500 million board feet for such purposes were issued, fully understand the significance of this situation. And the prospect of a similar one in 1944 cannot be ignored.

Last fiscal year, on National Forests the cut was an all-time "high" of 2,359,463,000 board feet, 83 percent above 1939. And private industry was doing a prodigious production

job too, irrespective of how wisely the bulk of private timber was cut—incidentally some of this cutting was very well done—though handicapped by labor shortages, equipment troubles and weather. Even so, this output could not match the demand. Small farm and other woodlots certainly were needed to save the situation. And it is an interesting tribute to the farmer that our forestry projects for increasing timber cut turned in considerable part to his rich but misused resource.

Going into 1944, Timber Production War Project is one of our two major means of increasing production of lumber, veneer and pulpwood. Organized and directed by the Forest Service under a cooperative agreement with the War Production Board, it has the close cooperation of other Federal and State agencies. The present staff of this project consists of about 130 technical Forest Service men, 30 full-time experienced woodsmen, and 200 trained, part-time workers from cooperating agencies working in all States east of the Great Plains except Massachusetts, Rhode Island, Connecticut, Pennsylvania, New Jersey, Delaware, and West Virginia.

This force is doing the grinding job of helping thousands of individual farmers and small woods owners get their timber to mill, and in turn to the box factory. They sell the idea to the uninformed, the ill-equipped, and the reluctant. They help protect the owner's woods and finances by sound forestry counsel. With United States Employment Service help they bring labor to the job and in a sense the job to labor. They facilitate complicated business and Government transactions. They rustle equipment, trucks, tractors, and tires. They strive to keep small mills going.

The other major timber production, project, Farm Woodland Marketing Program, was first planned to give,

technical aid to farmers in harvesting, utilization and marketing of wood products, but it is also doing yeoman service in getting out the wood without destructive cutting and with fair return to the owner. Keymen here are the farm foresters, now working in 82 project areas, jointly designated by the Forest Service and State Forestry or Extension services, in 300 counties and 28 States, all east of the Great Plains except for Oregon.

Third among the projects of the Forest Service singled out here, the National Forest Range, continues into 1944 making its invaluable contribution to the nation's food supply. Through constant contact with livestock users, the Forest Service helps permittees with the many adjustments in the use of the range made necessary by war changes in their operations. Of particular value is the exchange of information and ideas on production and marketing of livestock carried on through some 800 national-forest livestock associations and advisory boards.

In addition to the three war projects

detailed above here are some of the others that will continue. As before, Sitka spruce for planes will be rafted down from Alaska National Forests. * * * Collaboration with WPB, OPA, and other agencies will go on in determining forest products requirements, supplies, and output. * * * The Forest Products Laboratory will continue design of economical military crates and containers, and work in the wonder world of plastics, plywood, and wood chemistry. * * * The Emergency Rubber Project will proceed.

Beyond these projects bringing immediate returns will be the planning of thousands of jobs for returning soldiers, and unceasing efforts toward solution of the most urgent problem of American forestry—stopping destructive cutting so that the productivity of every forest acre now bearing merchantable timber may be maintained or increased.

LYLE F. WATTS, *Chief*
U. S. Forest Service

Farmers' Stake in Holding the Line

FOR A SOLID YEAR the country has been struggling to hold the line on the cost of living and wages.

As 1943 draws to a close, this policy, laid down by the Congress in the Stabilization Act of October 1942, is under attack from every side. Most of the arguments are familiar to all. Many of them unfortunately wander off the real issue, which is simply whether the country dares risk inflation. I want at this time to add a very simple argument for holding the line, an argument that is based strictly on the record—on the farm record.

When war broke out in 1939 farmers were receiving better prices than in the depth of the depression, but they still had a long way to go before their prices were back in balance. In August 1939, prices received by farmers were 72 percent of parity.

In May 1940, when the defense program was launched, farm prices were still only 77 percent of parity. At the very outset of the program, one of the Defense Commissioners was given responsibility for watching price developments and for checking unnecessary increases. This meant selective price control, control applied to prevent prices from rising which were already high enough and to permit prices to rise which were too low.

Between May 1940 and September 1941, farm prices rose steadily, while other prices were markedly restrained. The result was that in September 1941 farm prices attained parity for the first time in more than 20 years. Price control was paying off for farmers.

In the 25 months between August 1939 and September 1941, farm prices

increased 58 percent and carried the price parity ratio up 40 percent, from 72 to 101. Since September 1941, however, and down to October of this year—also a period of 25 months—while farm prices have continued to rise, increasing by 38 percent, the parity ratio has increased by only 15 percent. Once parity was reached, further increases of farm prices exerted a growing pressure upon the prices paid by farmers.

Price Peak Near

Beyond a certain point, the prices paid by farmers will rise more rapidly than the prices they receive. Failure to hold the line on the cost of living could cause this point to be reached very speedily. Once that happens, the gains made by farmers will begin to melt away. It happened in the last war. It can easily happen again.

It is not generally realized that in the last war, the prices paid by farmers moved up after 1917 faster than the prices they received and their relative price position steadily worsened.

By 1918, farm prices had doubled their 1914 levels. Rising prices of commodities used in farming had offset 85 percent of this rise of farm prices, however. Furthermore, increases in the prices of the commodities needed for family use cut the real value of farmers' net income savagely. In dollar terms, the net income of farm operators in 1918 was 121 percent greater than in 1914. But in terms of purchasing power it was only 26 percent higher, down 4 percent from 1917. In 1918, farmers began to fall behind in the inflationary race, the race which was to bring them to disaster lasting 20 long years.

In 1919, the process continued, and despite a further increase of 5 percent in farm prices, the real income of farm

operators fell back to within 7 percent of their 1914 real income.

The contrast in this war is striking. The rise of 104 percent in farm prices has been accompanied by a rise of \$8.3 billion, or 182 percent, in farm operators' net income. After adjustment, farm real income is still double that of 1939—nearly 4 times the improvement between 1914 and 1918. And this time, unless invited, the losing race of 1919 and the crash of 1920 need never be repeated.

By the end of the last war, inflation was robbing the farmer of 93 cents out of every dollar it conferred on him. When the dizzy ride finally ended, he was dumped out. Not for 20 years did he fully regain his feet. Thus far in the present war, price control has been a major factor in enabling farmers to attain record-breaking incomes, with the trend still upward and with the economy still strong and still in balance.

Whether 1944 will see that trend continue or whether, as in 1918 and 1919, the prices farmers pay will rush up faster than the prices they receive—and whether farmers shall again face 20 years of heartbreak—depends on whether the country decides to continue holding the line.

Inflation Tricky

The farmers' stake in the hold-the-line policy is plain. So are the risks they run if it is abandoned. Inflation is a tricky foe and its greatest trick is to assume the guise of friend. Farmers, above all other economic groups in America, should know how sinister is this disguise and how vigilant must be their guard against letting inflation break through the line at any point.

CHESTER BOWLES, *Administrator*
Office of Price Administration

Economic Trends Affecting Agriculture

Year and month	Indus- trial pro- duction (1935- 39= 100) ¹	Income of in- dus- trial workers (1935- 39= 100) ²	Cost of living (1935- 39= 100) ³	1910-14=100					Prices paid, interest and taxes	Farm wage rates
				Whole- sale prices of all com- modi- ties ⁴	Prices paid by farmers for commodities used in—					
					Living	Pro- duction	Living and pro- duction			
1925-----	90	126	125	151	163	147	156	169	176	
1926-----	96	131	126	146	162	146	155	168	179	
1927-----	95	127	124	139	160	144	153	166	179	
1928-----	99	126	123	141	160	148	155	168	179	
1929-----	110	134	122	139	159	147	154	167	180	
1930-----	91	110	119	126	150	141	146	160	167	
1931-----	75	84	109	107	128	123	126	142	130	
1932-----	58	58	98	95	108	109	108	124	96	
1933-----	69	61	92	96	108	108	108	120	85	
1934-----	75	76	96	109	122	123	122	129	95	
1935-----	87	86	98	117	124	127	125	130	103	
1936-----	103	100	99	118	123	125	124	128	111	
1937-----	113	117	103	126	128	136	131	134	126	
1938-----	89	91	101	115	122	125	123	127	125	
1939-----	109	105	99	113	120	122	121	125	123	
1940-----	125	119	100	115	121	124	122	126	126	
1941-----	162	169	105	127	131	131	131	133	154	
1942-----	199	238	117	144	154	149	152	151	201	
1942 September	208	256	118	145	157	151	154	153	-----	
October	215	262	119	146	158	151	155	154	220	
November	220	271	120	146	160	151	156	155	-----	
1943 September	244	316	124	151	171	167	169	165	-----	
October	245	-----	124	150	172	167	170	166	280	
November	-----	-----	-----	-----	173	168	171	167	-----	

Year and month	Index of prices received by farmers (August 1909-July 1914=100)								Ratio, prices received to prices paid, interest and taxes
	Grains	Cotton and cotton-seed	Fruits	Truck crops	Meat animals	Dairy products	Chickens and eggs	All groups	
1925.....	157	177	172	153	141	153	163	156	92
1926.....	131	122	138	143	147	152	159	145	86
1927.....	128	128	144	121	140	155	144	139	84
1928.....	130	152	176	159	151	158	153	149	89
1929.....	120	144	141	149	156	157	162	146	87
1930.....	100	102	162	140	134	137	129	126	79
1931.....	63	63	98	117	92	108	100	87	61
1932.....	44	47	82	102	63	83	82	65	52
1933.....	62	64	74	105	60	82	75	70	58
1934.....	93	99	100	103	68	95	89	90	70
1935.....	103	101	91	125	117	108	117	108	83
1936.....	108	100	100	111	119	119	115	114	89
1937.....	126	95	122	123	132	124	111	121	90
1938.....	74	70	73	101	114	109	108	95	75
1939.....	72	73	77	105	110	104	94	92	74
1940.....	85	81	79	114	108	113	96	98	78
1941.....	96	113	92	144	144	131	122	122	92
1942.....	119	155	125	199	189	152	151	157	104
1942 September.....	119	156	129	191	195	156	166	163	107
October.....	117	158	134	226	200	165	173	169	110
November.....	117	160	127	238	197	171	178	169	109
1943 September.....	158	171	204	311	207	185	201	193	117
October.....	162	171	197	264	203	187	212	192	116
November.....	163	165	207	295	192	190	217	192	115

¹ Federal Reserve Board, adjusted for seasonal variation. Revised November 1943.

² Total income, adjusted for seasonal variation. Revised March 1943.

³ Bureau of Labor Statistics.

⁴ Bureau of Labor Statistics index with 1926=100, divided by its 1910-14 average of 68.5.

⁵ Revised.

NOTE.—The index numbers of industrial production and of industrial workers' income shown above are not comparable in several respects. The production index includes only mining and manufacturing; the income index also includes transportation. The production index is intended to measure volume, whereas the income index is affected by wage rates as well as by time worked. There is usually a time lag between changes in volume of production and workers' income, since output can be increased or decreased to some extent without much change in the number of workers.